



United States General Accounting Office
Washington, DC 20548

Comptroller General
of the United States

Decision

Matter of: Lucent Technologies, Inc.

File: B-285505

Date: August 23, 2000

Dean L. Grayson, Esq., for the protester.

Robert D. Hogue, Esq., Catherine L. Horan, Esq., and Craig L. Kemmerer, Esq., Naval Sea Systems Command, for the agency.

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DIGEST

Protest that requirement for Voice over Internet Protocol (VoIP) telephony system at new agency headquarters facilities is unduly restrictive of competition is denied where agency reasonably determined that a VoIP approach would permit a convergence of voice and data systems, avoiding the necessity for both a comprehensive telephone system (with a parallel wiring system) and a separate data network, and thereby enhance the agency's ability to reduce its cost of operation and ease its administrative burden.

DECISION

Lucent Technologies, Inc. protests the terms of request for proposals (RFP) No. N00024-00-R-4105, issued by the Naval Sea Systems Command (NAVSEA) (as a simplified acquisition under Federal Acquisition Regulation (FAR) subpart 13.5) for a Voice over Internet Protocol (VoIP) telephony system at its new headquarters facilities at the Washington Navy Yard, District of Columbia. Lucent asserts that the requirement for a VoIP system exceeds the agency's needs and unduly restricts competition.

We deny the protest.

As a result of the 1995 Base Realignment and Closure process, which resulted in a determination that NAVSEA must vacate its leased space in Arlington, Virginia and move its headquarters functions to the Washington Navy Yard by July 13, 2001, NAVSEA is constructing new headquarters facilities at the Washington Navy Yard.

Rather than install a classic circuit-switched telephone system in which a Private Branch eXchange (PBX) creates an end-to-end circuit or connection for a telephone call, the RFP requests proposals for a VoIP telephony system, that is, one using a packet-switched transmission model in which voice, like other data, is fragmented into multiple, discrete IP packets which flow independently over the network. The agency expects that adoption of a VoIP telephony system will permit a convergence of voice and data systems, avoiding the necessity for a comprehensive telephone system (with a parallel wiring system) separate from the data network, and thereby enhance its ability to conduct operations, lower its cost of operation and ease its administrative burden. According to the RFP:

The objective of the VoIP system at the [Washington Navy Yard] is to provide basic telephony services with classic PBX features leveraging the planned data infrastructure without building a parallel voice infrastructure. Workstations gain access to the data infrastructure through a switch port integral to the phone that provides the same performance and security features and functions as if connected directly to the data network. . . . Significant cost reductions are expected through convergence of classic PBX and data support staffs, single information distribution infrastructures, ability to expand local system via [wide area network] links and simplified moves.

VoIP Evaluation Plan (Revision 2) at 2.

In order to meet the July 2001 completion date, NAVSEA has determined that the new facilities must be completed and ready to receive the first group of employees by January 2001; this in turn requires that the entire telephone system be operational by August 2000, thereby allowing four months for telephone set-up, installation and testing before the first group of employees arrives in January 2001. Agency Report at 2, 5. Accordingly, the RFP required the ability to deliver a fully functional IP PBX, unified messaging and the first 200 telephones within 20 days after award. VoIP Requirements Specification (Revision 2) § 3.1; VoIP Evaluation Plan (Revision 2) at 5-6, 8. The solicitation estimate of the total requirement included 3,912 standard and 186 conference room/reception telephone sets. VoIP Evaluation Plan (Revision 2) at 1.

Lucent generally asserts that specifying a VoIP telephony system exceeds the agency's needs because (1) a classic PBX system would satisfy the agency's need for basic telephony services with classic PBX features, and (2) even with a VoIP system, the agency will still require parallel telephone and data networks. Specifically, Lucent "does not dispute that VoIP is the technology to which the industry is migrating," and it "does not dispute that convergence of voice and data networks can result in tremendous efficiencies." Protester's Comments at 1-2. Indeed, Lucent's own commercial literature, as noted by the agency, indicates that there is "a growing trend toward the convergence of voice and data, with the goal of providing more streamlined, cost-effective, and unified communications throughout a business."

Agency Report at 10, and Tab 18 at 333. However, according to the protester, “the cost reductions mentioned in the Lucent literature (as well as the other literature included within the agency report) presume that the end user will not also be purchasing, installing and maintaining a large, state-of-the-art, campus-wide parallel telephone switch, with an associated, fully-integrated voice messaging platform.” Protester’s Comments at 2. Lucent asserts that here, in contrast, notwithstanding its VoIP approach, NAVSEA will still need to install parallel networks because a classic PBX system will be needed to serve secure telephones, which are not compatible with a VoIP network, and faxes, modems and other analog devices, which are not well proven over a VoIP network.

As noted above, the RFP was issued pursuant to FAR subpart 13.5, which allows simplified procedures for the acquisition of commercial items of less than \$5 million. See 10 U.S.C. § 2304(g)(1) (Supp. IV 1998). Procurements conducted under simplified acquisition procedures are exempt from the statutory requirement to obtain full and open competition; instead, contracting officers are required to promote competition to the maximum extent practicable. 10 U.S.C. § 2304(g)(3) (1994); FAR §§ 13.104, 13.501(a). Accordingly, the issue here is whether the agency in preparing the RFQ specified its needs and solicited quotes in a manner designed to obtain competition to the maximum extent practicable and included restrictive provisions only to the extent necessary to satisfy the agency’s needs. In reviewing a challenge to the agency’s determination of its needs, we defer to the contracting agency, which is most familiar with its needs and how best to fulfill them, and we will question that determination only where it is shown to have no reasonable basis. American Eurocopter Corp., B-283700, Dec. 16, 1999, 99-2 CPD ¶ 110 at 3-4.

We find no basis to question NAVSEA’s determination that only a VoIP telephony system is consistent with the agency’s needs and affords the possibility of significant future operational cost and administrative savings.¹ As noted above, Lucent itself concedes that the convergence of voice and data networks, which VoIP makes possible, “can result in tremendous efficiencies.” Here, the record indicates that although a limited parallel telephone system, in addition to the VoIP system, would still be required, NAVSEA reasonably anticipated that a VoIP telephony system would preclude the necessity for purchasing, installing and maintaining two complete, comprehensive and widespread infrastructures, one for voice and one for data, and would thereby enable the agency to obtain some of the efficiencies which Lucent concedes are possible with voice and data convergence. In this regard, NAVSEA reports that testing by the agency indicates that its facsimile machines and modems can be operated using ports on the IP infrastructure. Likewise, the agency states that its ISDN-based video teleconferencing equipment can be used over an IP

¹ The agency estimated the total cost to establish a VoIP-based system as slightly more than the cost to establish a classic PBX-based system, but it estimated the cost of the VoIP component itself to be less than the cost of the classic PBX component.

network with the installation of adapters. Further, although secure telephones, facsimile machines and other devices will for now require a separate, secure network, NAVSEA reports that it has designed its space to co-locate such secure devices to the maximum extent possible so that it will not need to install wiring capable of supporting secure devices in most of its facilities.² The result, according to the agency, is that only 1,178 ports out of 5,984 total system ports (or 19.69 percent) will be PBX rather than VoIP ports, and the wiring infrastructure required under a VoIP approach will be significantly reduced as compared to that required for a classic PBX telephone system in combination with a separate data network. Agency Comments, July 10, 2000, at 4-7.³

It thus appears from the record that by specifying a VoIP telephony system, the agency will be able to avoid the additional administrative burden and cost associated with installing, operating and maintaining two comprehensive communications infrastructures. We therefore conclude that NAVSEA reasonably determined that a VoIP telephony approach, rather than a classic PBX approach, was necessary to satisfy the agency's needs.⁴

The protest is denied.

Robert P. Murphy
General Counsel

² NAVSEA reports that it is participating in a working group examining a possible IP solution for a future generation of secure telephones. Agency Comments, July 10, 2000, at 6.

³ NAVSEA acknowledges that two voice mail systems, one secure and one non-secure, will be required under a VoIP approach, but it reports that agency security policy would require separate secure and non-secure voice mail systems even under a classic PBX approach. Agency Comments, July 18, 2000, at 1-2; Agency Comments, July 10, 2000, at 5.

⁴ We note that NAVSEA maintains that a VoIP telephony approach also offers certain operational advantages. For example, NAVSEA notes that it operates in a distributed engineering and design environment in which its ship and weapons system engineers and designers collaborate simultaneously from locations around the world. According to the agency, it expects that VoIP's combination of voice and data will enhance the agency's collaborative, real time design capabilities (where designers discuss drawings while reviewing changes in real time) beyond those available with its current equipment. Agency Report at 11; Agency Comments, July 10, 2000, at 7. In view of the potential cost and administrative savings associated with a convergence of the voice and data networks, as discussed above, we need not address this basis for specifying a VoIP approach.